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STATE DOCUMENTS

ANNUAL REPORT OF THE DEPARTMENT OF ADMINISTRATION



TO THE
GOVERNOR OF MONTANA
HONORABLE FORREST H. ANDERSON

FOR THE
FISCAL YEAR ENDED

June 30, 1971

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STATE OF MONTANA
DEPARTMENT OF ADMINISTRATION
ACCOUNTING DIVISION
CAPITOL BUILDING, HELENA, MONTANA 59601

February 10, 1972

The Honorable Forrest H. Anderson
Governor
State of Montana
Helena, Montana 59601

Dear Governor Anderson:

In accordance with the requirement of Section 82-4002, R.C.M. 1947, there is herewith transmitted to you the report of the Department of Administration covering the fiscal year ended June 30, 1971.

Major accomplishments during the year include:

- ▶ Designed and partially implemented basic Statewide Budgeting and Accounting System.
- ▶ Prepared and received legislative authority to control the Executive Budget on a program basis.
- ▶ Established partial cash basis financing for State Building Program.
- ▶ Prepared the first Comprehensive Report of State government for the Governor.
- ▶ Established a central investment office in the Department of Administration.
- ▶ Received funding to make significant repair and maintenance to the capitol complex.

Recommendations to facilitate the achievement of goals include:

- ▶ Continue implementation of the uniform Statewide Budgeting and Accounting System.
- ▶ Establish a sound program of personnel management in State government.
- ▶ Put the State Long-Range Building Program on a full cash basis.
- ▶ Repeal Section 71-903, R.C.M. 1947, and require the Department of Public Welfare to come under the State Treasury System.
- ▶ Develop a program for microfilming and destruction of records.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Doyle B. Saxby".

Doyle B. Saxby
State Controller

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PRINCIPAL OFFICES AND OFFICERS

PRINCIPAL ADMINISTRATIVE OFFICERS

Doyle B. Saxby, CPAState Controller
Jack C. CrosserAssistant State Controller
George PostDirector of Accounting
Phil HauckDirector of Architecture and Engineering
Keith ColboDirector of Budgeting
Troy McGeeDirector of Data Processing *
Harrison LoweDirector of General Services
Ron NearDirector of Management Systems
Mike WeggenmanDirector of Purchasing

PRINCIPAL OFFICES

State Capitol BuildingHelena
*Sam W. Mitchell BuildingHelena

LEGAL REFERENCES

GENERALLY

The statutes relating to the operations of the Department of Administration are, for the most part, contained in the following sections of the 1947 Revised Codes of Montana: 79-1001 through 79-1019 (referred to as the State Budget Act); Sections 82-106 through 12-112; Sections 82-1901 through 82-1928; and Sections 82-3301 through 82-3322, known as the Department of Administration Act.

NOTE:

Section 82A-202 (portion of Executive Reorganization Act of 1971) abolished the position of Budget Director provided for in Section 79-1012; abolished the position of State Controller provided for in Section 82-106; abolished the purchasing agent position provided for in Section 82-1901; and abolished the Department of Administration provided for in Section 82-3301. Section 82A-202 also transferred the abolished positions along with other existing functions, formulated by portions of the Executive Reorganization Act of 1971, to the restructured Department of Administration (Section 82A-201, Revised Codes of Montana 1947). The Forty-Second Legislative Assembly also enacted Sections 82-3323 through 82-3331 which provide for a Division of Communications.

PRINCIPAL GOALS

Provide effective leadership in areas of fiscal administration to all agencies in State government and to supervise and coordinate the various activities of the Department of Administration in an effective and efficient manner.

MAJOR ACCOMPLISHMENTS SUMMARIZED

<u>PRIORITY</u>	<u>DESCRIPTION</u>	<u>PROGRAM</u>
1.	Designed the basic Statewide Budgeting and Accounting System with the first phase implemented on July 1, 1971.	Management Systems
2.	Prepared the Executive Budget on a program basis and received legislative authority to control expenditures by program.	Budgeting
3.	Established a program for partially financing the State Building Program on a cash basis.	Architecture and Engineering
4.	Helped secure legislation to improve the fiscal administration of State government.	State Controller
5.	Prepared the first Comprehensive Report on State Government for the Governor.	Management Systems
6.	Established a central investment office in the Department of Administration.	State Controller
7.	Recommended and received funding from the legislature to make significant repair and maintenance to the capitol complex.	General Services

MAJOR ACCOMPLISHMENTS DESCRIBED

1. Management Systems Program

Developed the basic proposal for the Statewide Budgeting and Accounting System and distributed the basic proposal in two volumes to every State agency with partial implementation July 1, 1971 and full implementation planned for July 1, 1972.

2. Budgeting Program

Presented a comprehensive budget document reflecting a new program structure designed to better describe governmental services. For the first time, the proposed building project was included in the same document with the operating budget.

Appropriations, in most cases, were for the program level. This is a significant step towards program budgeting which establishes direction and control to what is done rather than to how it is done.

3. Architecture and Engineering Program

Established a program to finance approximately one-half the building program on a cash basis with income from investments from Long-Range Building Program funds and secured legislation to increase cigarette tax .03¢ to be earmarked for the Building Program.

4. State Controller Program

Helped secure legislation to improve the fiscal administration of State government such as Chapter 267, State Expenditures, Modified Accrual Basis of Accounting; Chapter 268, Fiscal Control Measures and Accounting Procedures; Chapter 269, Investments of Money According to Unified Plan; and Chapters 270 thru 275, Long-Range Building Program Consideration; of the State Laws of Montana from the 42nd Legislative Assembly.

MAJOR ACCOMPLISHMENTS DESCRIBED

5. Management Systems Program

Edited the Governor's Annual Report to provide a condensed, uniform, comprehensive review of activities within the executive branch of State government, and eliminated the prior method whereby each agency within the executive branch reported directly to the Governor without using standard forms or procedures.

6. State Controller Program

Established a Central Investment Office in the Department of Administration to conjugate the investing ability of State government into an aggregate force to derive the maximum net yield from the securities permitted to be invested in by law and to promote the responsibility of investing from a subordinate duty of the individual agencies to the primary duty of the Central Investment Office.

7. General Services Program

Recommended and received funding from the legislature to make significant repair and maintenance to the capitol complex.

MAJOR RECOMMENDATIONS SUMMARIZED

<u>PRIORITY</u>	<u>RECOMMENDATION</u>
1.	Design and implement a uniform Statewide Budgeting and Accounting System.
2.	Establish a sound program of personnel management in State government.
3.	Put the State Long-Range Building Program on a full cash basis.
4.	Repeal Section 71-903, Revised Codes of Montana 1947, which permits the Department of Public Welfare to operate outside of the State Treasury System.
5.	Develop a program for microfilming, storing and destruction of records in cooperation with the Historical Society.

MAJOR RECOMMENDATIONS DESCRIBED

1. Design and implement a uniform statewide budgeting and accounting system.

If sound fiscal administration in State government is to be achieved, the present effort must be continued at the current level of about \$120,000 each fiscal year until the proposed system is fully implemented and working smoothly. Operating personnel must be trained in the system before the system will operate effectively.

2. Establish a sound program of personnel management in State government.

If constructive, effective prolonged achievements in services and benefits are to be given to the public by State government, a centralized program of personnel management will be required.

3. Put the State Long-Range Building Program on a full cash basis.

If the Long-Range Building Program is on a cash basis rather than bonded, the cost would run, on the average, 40% to 50% less disregarding the present value of money.

4. Repeal Section 71-903, Revised Codes of Montana 1947, and require that the Department of Public Welfare operate within the Treasury System.

For State government to achieve a desired level of fiscal control and financial reporting, it is essential that all State functions report properly and correctly through the Treasury System.

5. Develop a program for the microfilming, storage and destruction of records.

It is apparent that limited space in State government will not permit the retention of records for an indefinite time. Development of microfilming and good administrative

MAJOR RECOMMENDATIONS DESCRIBED

guidelines for retention of records in cooperation with the Historical Society will alleviate problem of storage and destruction of records that now exist.

PROGRAM DESCRIPTIONS

PROGRAM ► STATE CONTROLLER

GOAL

Provide effective leadership in the area of fiscal administration to all agencies of State government and to supervise and coordinate the various activities of the Department of Administration in an effective and efficient manner.

OBJECTIVES

- Establish a viable and effective new Department of Administration in accordance with the intent of the Executive Reorganization Act.
- Review all laws relating to the functions of the Department of Administration and propose legislation in those areas that require correction to make them more meaningful and effective.
- Design and implement a system of position control throughout State government which would provide a uniform structure of compensation by job description and qualification.
- Establish the new Communications Bureau created by the 42nd Legislative Assembly.

ACHIEVEMENTS

- Established a Central Investment Office in the Department of Administration to conjugate the investing ability of State government into an aggregate force to derive the maximum net yield from the securities permitted to be invested in by law and to promote the responsibility of investing from a subordinate duty of the individual agencies to the primary duty of the Central Investment Office.

P R O G R A M D E S C R I P T I O N S

●Helped secure legislation to improve the fiscal administration of State government such as Chapter 267, State Expenditures, Modified Accrual Basis of Accounting; Chapter 268, Fiscal Control Measures and Accounting Procedures; Chapter 269, Investment of Money According to Unified Plan; and Chapters 270 thru 275, Long-Range Building Program Consideration; of the State Laws of Montana from the 42nd Legislative Assembly.

●Continued to develop a competent, effective staff within the Department of Administration to manage and control the State's finances and property.

●Standardized operating procedures involving numerous subjects by issuing uniform instructions to all State agencies.

●Monitored the Governor's program for controlling and reducing travel and capital expenditures.

PERFORMANCE INDICATORS

 Fiscal Year	
	<u>1970-71</u>	<u>1969-70</u>
Cost	\$51,399	\$35,020
Performance:	<p>Although tangible numeric indicators are not appreciably apparent to measure performance, sound progress is being made towards full implementation of vital budgeting and accounting techniques, financial reporting, and administrative policies that not</p>	

PROGRAM DESCRIPTIONS

only will serve today's
and future needs but will
also provide flexible
long-range planning
ability.

PROGRAM DESCRIPTIONS

PROGRAM ► ACCOUNTING

GOAL

Provide an effective, efficient system for processing and reporting State government financial information.

OBJECTIVES

- Continue to streamline internal procedures to assure fast and accurate processing of financial transactions.
- Provide timely and more meaningful financial reports.
- Assist in implementing the Statewide Budgeting and Accounting System.

ACHIEVEMENTS

- Hired a new Director and Deputy Director to increase the capability of the accounting office.
- Commenced developing a records management system for storage and destruction of accounting records.

PERFORMANCE INDICATORS

 Fiscal Year	
	<u>1970-71</u>	<u>1969-70</u>
Cost	\$143,415	\$149,346
Performance:		
Claims processed	226,000	212,000
Journal Vouchers processed	12,304	11,900
Treasurer's Receipts processed	10,833	10,423
Purchase Orders processed	16,699	17,319

PROGRAM DESCRIPTIONS

PROGRAM ► ARCHITECTURE AND ENGINEERING

GOAL

Provide for more functional, aesthetically planned buildings that will satisfy present and future space requirement of State government either by construction at a reasonable cost to the State and/or conducting a realistic program of major repair and renovation to maintain and prolong the useful lives of the existing facilities.

OBJECTIVES

Conduct the responsibilities of the State Construction Program by reviewing and coding State construction laws, promulgating and publishing instructional and procedure manuals for the design professions, the construction industry, and for State and Federal agencies, and continuing the activities of the State Building Code Council to establish and enforce a Statewide Building Code.

ACHIEVEMENTS

● Established a program to finance approximately one-half the building program on a cash basis with income from investments from Long Range Building Program funds and secured legislation to increase cigarette tax .03¢ to be earmarked for the Building Program.

● Established a Capitol Planning Commission as created by the legislature to study the space and development needs of the capitol complex.

● Established an accounting staff to provide management with a construction accounting system for State Building Program.

● Expanded the mechanical and electrical engineering service through additional staff.

PROGRAM DESCRIPTIONS

PERFORMANCE INDICATORS

..... Fiscal Year

1970-71

1969-70

Cost

\$114,522

\$91,507

Performance:

Authorized Construction Programs

Major (\$10,000 or More)

120

86

Minor

23

69

PROGRAM DESCRIPTIONS

PROGRAM ► BUDGETING

GOAL

To assist in the preparation and administration of the State Budget by aiding the State's Chief Budget Officer (Governor) and the Legislature in allocating fiscal resources to meet public needs.

OBJECTIVES

- Insure that governmental agencies execute programs efficiently and effectively in compliance with legislative intent.
- Develop a budget process which incorporates the principles of program budgeting, long-range fiscal planning and performance indicators as best suited to the State of Montana.
- Further refine the indirect cost allocation plan to reflect program costs and reduce General Fund support of non-General Fund agencies.
- Deliver effective staff support to the Governor and Controller, and maintain effective liaison with the legislative branch in regard to budgeting matters.
- Establish the framework for a personnel system, limited in scope to conform with operational plan provisions contained in appropriation bills and any grants authorized under the Intergovernmental Personnel Act of 1970.
- Aid in the preparation of the Governor's Annual Report for the Fiscal Year ending June 30, 1971.

ACHIEVEMENTS

- Presented a comprehensive budget document reflecting

P R O G R A M D E S C R I P T I O N S

a new program structure designed to better describe governmental services. For the first time, the proposed building budget was included in the same document with the operating budget.

● Helped get legislative appropriations, in most cases, on the program level. This is a significant step towards program budgeting which establishes direction and control to what is done rather than to how it is done.

● Expanded staff to provide better service and understanding of agency needs. This permits in-depth analysis of departmental programs and provides the ability of accumulating additional information with respect to planning.

● Prepared a more effective pro-rata plan to allocate costs of services provided by central general fund agencies for non-general fund agencies which resulted in an increased return of revenue to the General Fund.

PERFORMANCE INDICATORS

 Fiscal Year	
	<u>1970-71</u>	<u>1969-70</u>
Cost	\$83,987	\$69,203
Performance:		
Budget Amendments	149	94
Budget Amendments -		
Program Transfers	31	32
Budget Amendments -		
Balance Transfers	35	1
Supplemental Requests	1	4
Fiscal Notes	160	0

PROGRAM DESCRIPTIONS

PROGRAM ► DATA PROCESSING

GOAL

Provide effective, efficient and economical data processing to State agencies.

OBJECTIVES

● Provide effective and economical data processing services by a staff of systems analysts and programmers to maintain the data processing projects requested by the various State agencies.

● Establish a long-range plan to project the Data Processing Bureau as a statewide centralized data processing center.

ACHIEVEMENTS

● Installed a larger computer system in September 1970 which increases the computing capability of the Bureau.

● Installed telecommunications processing for the Industrial Accident Board and State Forester.

● Increased efficiency and continuity by formalizing and issuing standard procedures to all Bureau employees. Also increased programming capability and quality by hiring additional programmers.

PERFORMANCE INDICATORS

 Fiscal Year	
	<u>1970-71</u>	<u>1969-70</u>
Cost	\$777,360	\$601,262

PROGRAM DESCRIPTIONS

Performance:

Systems Analysis and Programming	19,392 hrs.	unobtainable
Computer Utilization	3,066 hrs.	2,994 hrs.
Data Capturing	41,432 hrs.	48,135 hrs.
Unit Record Processing	5,242	5,284
Forms Handling	857	592

PROGRAM DESCRIPTIONS

PROGRAM ► GENERAL SERVICES

GOAL

Contribute to efficient State government through effective management of physical facilities and services in the capitol area and provide centralized telephone, mailing, record management and copying services.

OBJECTIVES

- Keep State buildings in the capitol complex in a good state of repair and maintenance.
- Develop more effective methods to meet the ever increasing use of the statewide telephone services.
- Develop a more effective plan for office space use and allocation.
- Improve the security over State property in the capitol complex.

ACHIEVEMENTS

- Recommended and received funding from the legislature to make significant repair and maintenance to the capitol complex.
- Encouraged all state agencies to decrease the number of telephones with access to network services. Montana State University reduced the number of telephones with access to network services from 1057 to 311.
- Secured legislation in cooperation with Architecture and Engineering to provide a study of long-range planning of office space needs for State government.

PROGRAM DESCRIPTIONS

PERFORMANCE INDICATORS

..... Fiscal Year

1970-71

1969-70

Cost

\$414,318

\$363,154

Performance:
Security

Provided 24 hour
security for capitol
complex.

Centrex

Increased the Centrex
capacity.

Billing Time

Streamlined telephone
billing from 2 weeks to
2 - 4 days.

PROGRAM DESCRIPTIONS

PROGRAM ► MANAGEMENT SYSTEMS

GOAL

Make the business of managing Montana's State government efficient, effective and up-to-date.

OBJECTIVES

- Proceed with the development and perfection of the Statewide Budgeting and Accounting System with a July 1, 1972, target date for full implementation.
- Provide requesting agencies with management consulting services as needed to identify and solve management's operation problems through application of creative, progressive management arts and sciences.

ACHIEVEMENTS

- Developed the basic proposal for the Statewide Budgeting and Accounting System and distributed the basic proposal in two volumes to every State agency with partial implementation July 1, 1971 and full implementation planned for July 1, 1972.
- Edited the Governor's Annual Report to provide a condensed, uniform, comprehensive review of activities within the executive branch of State government, and eliminated the prior method whereby each agency within the executive branch reported directly to the Governor without using standard forms or procedures.
- Assisted the Liquor Control Board by evaluating and improving the operations of the traffic department and preparing their 1973 biennium budget on a program level.
- Developed an accounting system which, without additional administrative costs, will maximize interest earned

P R O G R A M D E S C R I P T I O N S

on patients monies held in trust by State institutions and implemented the system at Warm Springs State Hospital.

● Obtained a computer science specialist to assist the Department of Administration's Data Processing Program in upgrading its electronic data processing operations which was an essential preliminary to implementing the Statewide Budgeting and Accounting System.

● Obtained a personnel analyst to assist the Department of Administration's Budgeting Program in developing and implementing improved personnel management practices--including position and classification control.

PERFORMANCE INDICATORS

 Fiscal Year	
	<u>1970-71</u>	<u>1969-70</u>
Cost	\$107,574	\$47,331
Performance:	<p>Normal indicators are not available in the area of system development. Similar services supplied by private consultants would cost about three times that of the on-staff consultant.</p>	

PROGRAM DESCRIPTIONS

PROGRAM ► PURCHASING

GOAL

Obtain materials, supplies and services for the operation of all State agencies at the lowest possible cost through effective management and controlled purchasing activities.

OBJECTIVES

Effect monetary savings to State government and at the same time increase the quality of equipment, supplies and contracted services purchased by widening the use of term or yearly contracts for volume buying through consolidated call for bids.

ACHIEVEMENTS

● Shortened the time requirement in newspaper advertising for bids from three weeks to two weeks and eliminated the 22 days waiting period.

● Changed the bid requirements for samples from "must" to "may".

● Extended the time period for which contracts may be made from one year to three years.

● Added a new Standards and Specifications position.

PERFORMANCE INDICATORS

 Fiscal Year	
	<u>1970-71</u>	<u>1969-70</u>
Cost	\$108,885	\$136,443

PROGRAM DESCRIPTIONS

Performance:		
Requisitions processed	13,896	14,683
Purchase Orders processed	16,699	17,319
Term or Annual Contracts processed	29	22
Individual Requests for Quotations processed	5,015	5,732
Claims for Local or Agency Purchases processed	64,861	65,632
Formal Calls for Bids	834	957

P R O G R A M C O S T S U M M A R Y

<u>PROGRAM</u>	<u>FISCAL YEAR COSTS</u>		
	<u>1970-71</u>	<u>1969-70</u>	<u>Increase (Decreased)</u>
Controller	\$ 51,399	\$ 35,020	\$ 16,379
Accounting	143,415	149,346	(5,931)
Architecture and Engineering	114,522	91,507	23,015(1)
Budgeting	83,987	69,203	14,784
Data Processing	777,360	601,262	176,098(2)
General Services	414,318	363,154	51,164(3)
Management Systems	107,574	47,331	60,243(4)
Purchasing	<u>108,885</u>	<u>136,443</u>	<u>(27,558)(5)</u>
TOTAL	<u>\$1,801,460</u>	<u>\$1,493,266</u>	<u>\$308,194</u>

- (1) Resident inspectors assigned to federally funded projects in compliance with federal regulations.
- (2) Larger computer installed to handle larger volume of work. Costs are reimbursed by using agencies.
- (3) Increased costs represent higher capitol complex maintenance contract cost and the addition of one and one-half positions to staff to handle increased workload.
- (4) The 1970-71 Fiscal Year costs represent the first full year of operation. The program was started during the 1969-70 Fiscal Year.
- (5) Surplus food program transferred to the Department of Public Welfare.

P R O G R A M C O S T D E T A I L

<u>PROGRAM</u>	<u>1970-71 TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OPERATING EXPENSES</u>	<u>CAPITAL</u>
Controller	\$ 51,399	\$ 47,078	\$ 3,636	\$ 685
Accounting	143,415	54,989	87,988	438
Architecture and Engineering	114,522	106,268	7,918	336
Budgeting	83,987	64,693	12,675	6,619
Data Processing	777,360	426,942	343,383	7,035
General Services	414,318	48,248	365,620	450
Management Systems	107,574	77,631	22,422	7,521
Purchasing	<u>108,885</u>	<u>93,976</u>	<u>14,909</u>	<u>0</u>
TOTAL	<u>\$1,801,460</u>	<u>\$919,825</u>	<u>\$858,551</u>	<u>\$23,084</u>

SOURCE OF FUNDING

General Fund	\$807,343
Earmarked Revenue Fund:	
Aeronautics Commission Account	4,000
Fish and Game Account	24,064
Highway Account	73,000
Veterans' Memorial Account	451
Federal and Private Revenue Fund:	
Capitol Building Account	51,818
Revolving Fund:	
Construction Account	63,424
Data Processing Account	<u>777,360</u>
TOTAL	<u>\$1,801,460</u>

